

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

APPLICANT/APPELLANT: David N. Harris
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TITLE: SYSTEM AND METHOD FOR VERIFYING
COMMERCIAL TRANSACTIONS
EXAMINER: Raquel Alvarez
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REPLY BRIEF

Dear Sir:

This Reply Brief is in response to the Examiner's Answer mailed on November 25, 2008 ("Examiner's Answer"), which is in response to the Appeal Brief and Notice mailed on September 5, 2008 ("Appeal Brief"). This Reply Brief is being filed within two months of the Examiner's Answer (*i.e.*, before January 26, 2009; January 25, 2009 being a Sunday) and is therefore timely.

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STATUS OF CLAIMS
(37 C.F.R. § 41.37(c)(1)(iii))

Claims 60-118 are pending and rejected. Claims 1-59 were canceled.

Appellant is appealing the rejections of independent claims 60, 75, 105, 106, 107, 109, 117, and 118 as well as dependent claims 61-74, 76-104, 108, and 110-116.

GROUND OF REJECTION TO BE REVIEWED ON APPEAL
(37 C.F.R. § 41.37(c)(1)(vi))

A. (WITHDRAWN BY EXAMINER) Does Claim 114 fail to comply with the written description requirement pursuant to 35 U.S.C. § 112?

B. (ORIGINAL ARGUMENT AND RESPONSE TO NEW GROUNDS OF REJECTION) Does U.S. Patent 5,708,422 (*Blonder et al.*) anticipate, pursuant to 35 U.S.C. § 102(b), independent claims 60 and 75?

C. (ORIGINAL ARGUMENT AND RESPONSE TO NEW GROUNDS OF REJECTION) Does U.S. Patent 5,708,422 (*Blonder et al.*) anticipate, pursuant to 35 U.S.C. § 102(b), independent claims 105, 106, 107, 109, 117 and 118?

D1. (ORIGINAL ARGUMENT) Does U.S. Patent 5,708,422 (*Blonder et al.*) anticipate, pursuant to 35 U.S.C. § 102(b), dependent claims 61-65, 72, 74, 76-80, 87, 89-95, 102, 104, 108, and 110-116?

D2. (ORIGINAL ARGUMENT AND CORRECTED GROUNDS OF REJECTION) Does U.S. Patent 5,708,422 (*Blonder et al.*), pursuant to 35 U.S.C. § 103(a), render obvious dependent claims 66 and 81?

D3. (ORIGINAL ARGUMENT AND CORRECTED GROUNDS OF REJECTION) Does U.S. Patent 5,708,422 (*Blonder et al.*) in view of U.S. Patent 6,529,725 (*Joao et al.*), pursuant to 35 U.S.C. § 103(a), render obvious dependent claims 67-71, 73, 82-86, 88, 96-101, and 103?

E. (RESPONSE TO NEW GROUNDS OF REJECTION) Are Appellant's arguments addressing claims 66-71, 73, 81, 82, 84, 85, and 88 moot?

ARGUMENT
(37 C.F.R. § 41.37(c)(1)(vii))

A. (WITHDRAWN BY EXAMINER) CLAIM 114 COMPLIES WITH THE WRITTEN DESCRIPTION REQUIREMENT PURSUANT TO 35 U.S.C. § 112

In paragraph 10 of the Examiner's Answer, the Examiner withdrew the rejection of claim 114 under 35 U.S.C. § 112, agreeing with Appellant that claim 114 meets the written description requirement. Accordingly, Appellant withdraws this issue on appeal.

B. (ORIGINAL ARGUMENT AND RESPONSE TO NEW GROUNDS OF REJECTION) U.S. PATENT 5,708,422 (*BLONDER ET AL.*) DOES NOT ANTICIPATE, PURSUANT TO 35 U.S.C. § 102(B), INDEPENDENT CLAIMS 60 AND 75

The Examiner's Answer includes the original rejection of claims 60 and 75, and presents new arguments and citation of additional language in *Blonder et al.* (col. 6 lines 5-10) to address Appellant's arguments. Accordingly, Appellant's arguments below include the original arguments presented in the Appeal Brief to address the Examiner's original rejection. Further, Appellants include new arguments to address the Examiner's new grounds of rejection.

Claim Language of Claims 60 and 75:

Independent claims 60 and 75 both generally claim the function of switching between disabling and enabling a verification function by an account-holder. In particular:

Claim 60 claims, in part, "an authorization module responsive to a verification indicator switchable by said account holder between at least a first state and a second state, said first state enabling a previously established verification requirement and said second state disabling said previously established verification requirement."

Claim 75 claims, in part, the steps of "receiving instructions from an account holder... to selectively disable a

previously enabled verification function" and "receiving instructions from the account-holder to selectively enable said verification function."

The Examiner's Rejections:

The Examiner rejected claims 60 and 75 stating that "Blonder teaches . . . transmitting an approval to the merchant pursuant to a selectively enabled verification function (col. 3, lines 1-5, col. 10, lines 35-37)." Further, the Examiner stated that "Blonder also teaches . . . the authorization module is responsive to instructions from the account holder to automatically verify subsequent transaction approval requests without further input from the account holder and instructions for enabling or disabling the electronic verification (col. 5, lines 30-45, col. 7, lines 1-10, col 14, lines 35-67)" (OFFICE ACTION, JULY 6, 2007; FINAL OFFICE ACTION, MARCH 7, 2004, P. 4).

In order to anticipate a claim, the reference must teach every element of the claim. As discussed in § 2131 of the Manual of Patent Examination Procedure "[a] claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, 2 USPQ2d 1051, 1053 (Fed. Cir. 1987)."

Regarding Claim 60:

Appellant respectfully submits that none of the passages cited by the Examiner disclose "a verification indicator switchable by said account holder between at least a first state and a second state, said first state enabling a . . . verification requirement, said second state disabling said . . . verification requirement" as required by claim 60. In other words, none of the passages cited by the Examiner teach or suggest the account-holder turning the verification function off and on.

Blonder et al. apparently discloses the enablement or disablement of user-defined pre-established conditions that trigger a requirement for card owner authorization. However, Appellant is unable to find within *Blonder et al.* a teaching or suggestion that the card owner may enable or disable the pre-established conditions.

Further, on page 4 of the outstanding Final Office Action, the Examiner stated "[w]ith respect to the... feature of a verification switchable between a first state and a second state... Blonder teaches on Figure 3, that when approval flag is set to 'no' then a permissible maximum transaction can take place without obtaining answer or verification from the account holder, disabling notification to the card holder. Setting the Approval flag to 'yes' the system initiates communication with the cardholder to determine if amount above a certain threshold can be authorized." On page 7 of the same Final Office Action, the Examiner stated "...Blonder teaches on Figure 3, setting the verification/approval flag on and off."

Put differently, based on Figure 3, the Examiner states that *Blonder et al.* teaches setting the approval flag to enable or disable user-defined pre-established conditions for authorization. It is unclear to Appellant, however, how the table of Figure 3 of *Blonder et al.* depicts an account-holder's ability to switch the verification function. There is no indication within Figure 3 of how the cells of the table are populated or even if the table contents can be changed once created. In fact, the table within Figure 3 contains names and credit card numbers of many individuals, which strongly suggests that no single card owner would have access to the table much less have the ability to make changes.

Since *Blonder et al.* does not teach "an authorization module responsive to a verification indicator switchable by said account holder between at least a first state and a second state, said first state enabling a previously established verification requirement and said second state disabling said previously established verification requirement" as required by claim 60, *Blonder et al.* cannot anticipate claim 60. Appellant, therefore, requests that the rejection(s) of claim 60 be overturned.

Regarding Claim 75:

Appellant respectfully submits that none of the passages cited by the Examiner disclose "receiving instructions from an account holder... to selectively disable a previously enabled verification function" and "receiving instructions from the account-holder to selectively enable said verification function" as required by claim 75. In fact, as discussed regarding claim 60, Appellant is unable to find anywhere in *Blonder et al.* a teaching or suggestion that an account holder can selectively enable or disable a verification function.

In rejecting claim 75, the Examiner indicated that Figure 3 anticipates claim 75 in stating "Blonder teaches on Figure 3, that when approval flag is set to 'no' then a permissible maximum transaction can take place without obtaining answer or verification from the account holder, disabling notification to the card holder. Setting the Approval flag to 'yes' the system initiates communication with the cardholder to determine if amount above a certain threshold can be authorized" (Final Office Action mailed March 7, 2008, p. 4).

Again, Appellant is unable to determine how the table of Figure 3 anticipates the method steps of claim 75. In particular, Appellant is unable to determine how the table depicted in Figure 3 is populated or created, much less how Figure 3 teaches "receiving instructions from an account holder... to selectively disable a previously enabled verification function" and, in another step, "receiving instructions from the account-holder to selectively enable said verification function."

Since Figure 3 does not disclose "receiving instructions from an account holder... to selectively disable a previously enabled verification function" and, in another step, "receiving instructions from the account-holder to selectively enable said verification function" as required by claim 75, Appellant respectfully submits that *Blonder et al.* does not anticipate claim 75. Accordingly, Appellant requests that the rejection(s) to claim 75 be overturned.

New Arguments Cited in the Examiner's Answer Against Claims 60 ad 75

In paragraph 10 of the Examiner's Answer, the Examiner cited col. 6 lines 5-10 of *Blonder et al.* to further suggest that *Blonder et al.* teaches turning the verification function off and on. However, col. 6 lines 5-10 state "[t]he approval flag field 304 alerts the card issuer that credit card transactions that violate pre-established conditions need to be authorized by the card owner as part of the card validation process. These pre-established conditions may be pre-selected by the card owner or they may be conditions imposed by the card issuer."

This newly cited language, like the original language the Examiner cites in *Blonder et al.*, describes the process the system takes once the pre-established conditions are set. The newly cited language does not describe that the verification requirement can be switched off and on. In fact, the statement "[t]hese pre-established conditions may be pre-selected by the card owner or

they may be conditions imposed by the card issuer” indicates that the condition in *Blonder et al.* is pre-established and unswitchable.

Summary:

Appellant respectfully submits that *Blonder et al.* fails to teach or discuss each and every element of claims 60 and 75. As such, Appellant requests the rejections of claims 60 and 75, as well as the rejections of claims 61-74, 76-104, 111-112, and 114-116 that depend on claims 60 and 75, be overturned.

C. (ORIGINAL ARGUMENT AND RESPONSE TO NEW GROUNDS OF REJECTION)) U.S. PATENT 5,708,422 (*BLONDER ET AL.*) DOES NOT ANTICIPATE, PURSUANT TO 35 U.S.C. § 102(B), INDEPENDENT CLAIMS 105, 106, 107, 109, 117 AND 118

Although the Appeal Brief mistakenly did not list claims 117 and 118 in part (C) of the Grounds of Rejection section, the Appeal Brief did list claims 117 and 118 in part (C) of the Arguments section of the Appeal Brief.

In the Examiner’s Answer, the Examiner presented rejections of claims 105 and 107 for the first time, citing new language in *Blonder et al.* (col. 11 lines 43-60). Accordingly, Appellant’s arguments below include some of the original arguments presented in the Appeal Brief and new arguments to address the new grounds of rejection presented for the first time.

Also in the Examiner’s Answer, the Examiner presented rejections of claims 74, 89, 106 and 109 for the first time, citing new language in *Blonder et al.* (“validation database 106”). Accordingly, Appellant’s arguments below include some of the original arguments presented in the Appeal Brief and new arguments to address the new grounds of rejection presented for the first time.

Further in the Examiner’s Answer, the Examiner presented a rejection of claim 118 for the first time, grouping claim 118 with the rejections of claims 60 and 75. Accordingly, Appellant’s arguments below include some of the original arguments presented in the Appeal Brief and new arguments to address the new grounds of rejection presented for the first time.

Regarding Claim 105:

In the prior office actions, the Examiner did not present any case of anticipation. As stated above, Applicant added claim 105 within a Request for Continued Examination on February 28, 2007. In the Office Action mailed July 6, 2007, the Examiner rejected claim 105 as anticipated by *Blonder et al.* In the Response to the July 6, 2007 Office Action, Applicant disagreed that *Blonder et al.* anticipated each and every element of claim 105. The Examiner did not respond to Applicant's arguments in the March 2008 Office Action. In fact, the Examiner's new argument for anticipation of claim 105 in the Examiner's Answer is the only argument of anticipation of claim 105 since Appellant's Response to the July 6, 2007 Office Action.

As stated in the Appeal Brief, Appellant respectfully points out that *Blonder et al.* does not teach each and every element of claim 105. Claim 105 recites in part "an interactive verification module operative to wait for said account-holder to initiate said connection with said account-holder communication module, any prior notification to said account-holder regarding said transaction being disabled." Appellant is unable to find a teaching within *Blonder et al.* of an account-holder initiating the communication to verify the transaction approval request without prior notification. Rather, *Blonder et al.* discloses, after transmission of an approval request to the card owner (*i.e.*, notification), the "validation database waits for a response from the card owner" (*Blonder et al.*, col. 10, lines 7-13). Further, *Blonder et al.* teaches that if, after notification, a response is not received from the card owner, the transaction may be disapproved. The wait time discussed in *Blonder et al.* begins after the card owner has been notified (*i.e.*, after transmission of the approval request to the card owner). Appellant is unable to find a disclosure within *Blonder et al.* that teaches or discloses waiting for the account-holder to initiate a connection with the account-holder communication module prior to notification.

Newly Cited Language in Blonder et al. Cited in the Examiner's Answer Against Claim 105

In paragraph 10 of the Examiner's Answer, the Examiner cites col. 11 lines 43-60 which states "In alternative applications, the customer may have instructed the retailer (or an agent of the retailer) in person or via some communications mechanism (*e.g.*, a phone, mail, facsimile or electronic mail) at a time prior to the initiation of the transaction." For thoroughness, Appellant adds the sentence from *Blonder et al.* immediately following the previous sentence. *Blonder et*

al. continues, “Such instructions might cover an immediate one-time purchase, a future purchase... or a series of purchases to occur over a period of time.” The language cited in *Blonder et al.* indicates that there could be prior verification of a pending or future transaction or series of transactions.

However, this language in *Blonder et al.* does not describe a future verification of a pending transaction in response to a transaction approval request, the account holder sending the future verification without first being notified of the pending transaction. Claim 105 specifically requires “an interactive verification module operative to wait for said account-holder to initiate said connection with said account-holder communication module, any prior notification to said account-holder regarding said transaction being disabled.” “Said connection with said account-holder communication module” refers directly back to the language “a separate connection with an account-holder associated with said credit card data for said account-holder to verify said transaction approval request.” *Blonder et al.* does not teach waiting for the account-holder to initiate a connection to verify the transaction approval request without account-holder notification. Further, this language in *Blonder* does not teach a transaction approval request, whatsoever.

Appellant respectfully submits that *Blonder et al.* does not anticipate claim 105 because *Blonder et al.* fails to teach or discuss each and every element of the claim. For at least these reasons, as well as the reasons discussed regarding claims 60 and 75, Appellant requests that the rejection of claim 105, as well as the rejections of all claims that depend on claim 105, be overturned.

Regarding Claim 106:

In the prior office actions, the Examiner did not present any case of anticipation. As state above, Applicant added claim 106 within a Request for Continued Examination on February 28, 2007. In the Office Action mailed July 6, 2007, the Examiner rejected claim 106 as anticipated by *Blonder et al.* In the Response to the July 6, 2007 Office Action, Applicant disagreed that *Blonder et al.* anticipated each and every element of claim 106. The Examiner did not respond to Applicant's arguments in the March 2008 Office Action. The Examiner's new argument for anticipation of claim 106 in the Examiner's Answer is the only argument of anticipation of claim

106 since Appellant's Response to the July 6, 2007 Office Action. Accordingly, Appellant presents new arguments to address the Examiner's new rejection.

Claim 106 recites a "computer system... comprising... a financier communication module operative to facilitate a connection with a financier for receiving a verification request related to said commercial transaction" and "an account-holder communications module ... operative to transmit an approval to said financier if said commercial transaction is verified." The "computer system" receives the verification request from the financier (*e.g.*, a credit card company), verifies the transaction with the account holder, and transmits an approval to the financier if the commercial transaction is verified by the account holder. This computer system is specifically claimed separate from the financier (*e.g.*, a third party separate from the financier).

In paragraph 10 of the Examiner's Answer, the Examiner suggests that "validation database 106" is the third party. Col. 4 lines 56-69 of *Blonder et al.* defines the "validation database 106", describing that "An automatic dialing unit included in card reader 101 dials a telephone number associated with a database 106 of the card issuer to validate the card number." This description of the database 106 indicates that the database 106 is part of the card issuer (*i.e.*, the credit card company). The database 106 is not a third party different from the financier. Secondly, the database 106 does not receive the verification request from the financier, nor verify the transaction with the account holder, nor transmit an approval to the financier.

While *Blonder et al.* discloses requiring separate approval from multiple parties (*e.g.*, two corporate executives) prior to approving a transaction (*Blonder et al.*, col. 11, lines 5-20), there is no teaching of the financier submitting a verification request to a third-party verification system or a teaching of the transmission of an approval from the third-party verification system to the financier if the commercial transaction is verified.

Appellant respectfully submits that *Blonder et al.* does not anticipate claim 106 because *Blonder et al.* fails to teach or discuss each and every element of the claim. For at least these reasons, as well as the reasons discussed regarding claims 60 and 75, Appellant requests that the rejection of claim 106, as well as the rejections of all claims that depend on claim 106, be overturned.

Regarding Claim 107:

In the prior office actions, the Examiner did not present any case of anticipation. As stated above, Applicant added claim 107 within a Request for Continued Examination on February 28, 2007. In the Office Action mailed July 6, 2007, the Examiner rejected claim 107 as anticipated by *Blonder et al.* In the Response to the July 6, 2007 Office Action, Applicant disagreed that *Blonder et al.* anticipated each and every element of claim 107. The Examiner did not respond to Applicant's arguments in the March 2008 Office Action. The Examiner's new argument for anticipation of claim 107 in the Examiner's Answer is the only argument of anticipation of claim 107 since Appellant's Response to the July 6, 2007 Office Action.

As stated in the Appeal Brief, like claim 75, claim 107 requires in a computer system, a method that allows the account-holder to switch between enabling and disabling the verification function. In particular, claim 107 recites the steps of "enabling the account-holder to disable the step of electronically verifying" and "automatically verifying the transaction approval request, if the account-holder has disabled the step of electronically verifying." Accordingly, the same arguments discussed herein regarding claims 60 and 75 apply.

Further, Appellant respectfully points out that *Blonder et al.* does not teach waiting for an account-holder to initiate communication prior to notification. Claim 107 recites in part "said electronic verification including disabling any notification to said account-holder and waiting for said account-holder to initiate communication with said computer system." As discussed regarding claim 105 *Supra*, Appellant is unable to find a teaching within *Blonder et al.* of an account-holder initiating the communication to verify the transaction approval request without prior notification. As stated above, *Blonder et al.* discloses, after transmission of an approval request to the card owner (*i.e.*, notification), the "validation database waits for a response from the card owner" (*Blonder et al.*, col. 10, lines 7-13). Further, *Blonder et al.* teaches that if, after notification, a response is not received from the card owner, the transaction may be disapproved. The wait time discussed on *Blonder et al.* begins after the card owner has been notified (*i.e.*, after transmission of the approval request to the card owner). Appellant is unable to find a disclosure within *Blonder et al.* that teaches or discloses the account-holder initiating a connection with the account-holder communication module prior to notification.

Appellant respectfully submits that *Blonder et al.* does not anticipate claim 107 because *Blonder et al.* fails to teach or discuss each and every element of the claim. For at least these reasons, as well as the reasons discussed regarding claims 60, 75 and 105, including the arguments addressing the newly cited language of *Blonder et al.*, Appellant requests that the rejection of claim 107, as well as the rejections of all claims that depend on claim 107 including claim 108, be overturned.

Regarding Claim 109:

In the prior office actions, the Examiner did not present any case of anticipation. As state above, Applicant added claim 109 within a Request for Continued Examination on February 28, 2007. In the Office Action mailed July 6, 2007, the Examiner rejected claim 109 as anticipated by *Blonder et al.* In the Response to the July 6, 2007 Office Action, Applicant disagreed that *Blonder et al.* anticipated each and every element of claim 109. The Examiner did not respond to Applicant's arguments in the March 2008 Office Action. The Examiner's new argument for anticipation of claim 109 in the Examiner's Answer is the only argument of anticipation of claim 109 since Appellant's Response to the July 6, 2007 Office Action.

Like claim 75, claim 109 requires in a computer system, a method that allows the account-holder to switch between enabling and disabling the verification function. In particular, claim 109 recites the steps of "enabling the user to enable and disable the electronically verifying step." Accordingly, the same arguments discussed herein regarding claims 60 and 75 apply.

Claim 109 recites "In a computer system, a method... comprising: receiving a verification request associated with said commercial transaction from a financial institution that approves transactions between account-holders and merchants; electronically verifying said associated commercial transaction with an account-holder associated with said credit card data; enabling the user to enable and disable the electronically verifying step; and transmitting indicia of verification to said financial institution if said associated commercial transaction is verified by said account-holder or if the electronically verifying step is disabled." The "computer system" receives the verification request from the financial institution (*e.g.*, a credit card company), verifies the transaction with the account holder, enables the user to enable and disable the

verifying step; and transmits an approval to the financial institution if the commercial transaction is verified by the account holder. Like claim 106, the computer system in claim 109 is specifically claimed separate from the financial institution (*e.g.*, a third party separate from the financier).

In paragraph 10 of the Examiner's Answer, the Examiner suggests that "validation database 106" is the third party. As discussed with regard to claim 106, col. 4 lines 56-69 of *Blonder et al.* defines the "validation database 106", describing that "An automatic dialing unit included in card reader 101 dials a telephone number associated with a database 106 of the card issuer to validate the card number." This description of the database 106 indicates that the database 106 is part of the card issuer (*i.e.*, the credit card company). The database 106 is not a third party different from the financial institution. Secondly, the database 106 does not receive the verification request from the financial institution, verify the transaction with the account holder, nor transmit an approval to the financial institution.

While *Blonder et al.* discloses requiring separate approval from multiple parties (*e.g.*, two corporate executives) prior to approving a transaction (*Blonder et al.*, col. 11, lines 5-20), there is no teaching of the financial institution submitting a verification request to a third-party verification system nor the transmission of an approval from the third-party verification system to the financial institution if the commercial transaction is verified.

Appellant respectfully submits that *Blonder et al.* does not anticipate claim 109 because *Blonder et al.* fails to teach or discuss each and every element of the claim. For at least these reasons, as well as the reasons discussed regarding claims 60 and 75, Appellant requests that the rejection of claim 109, as well as the rejections of all claims that depend on claim 109 including claim 110, be overturned.

Regarding Claim 117:

Like claim 60, claim 117 requires a system that allows an account-holder to switch between enabling and disabling the verification function. In particular, claim 117 recites, in part "an account-holder communication module operative to facilitate a separate connection with an account-holder... to facilitate the switching of a verification indicator between at least a first

state and a second state” and “...an authorization module being further operative to forego verification by said account holder when said verification indicator is in said second state.”

Also as stated above with regard to claim 60, in paragraph 10 of the Examiner’s Answer, the Examiner cited col. 6 lines 5-10 of *Blonder et al.* to suggest that *Blonder et al.* teaches turning the verification function off and on. However, col. 6 lines 5-10 describe that “[t]he approval flag field 304 alerts the card issuer that credit card transactions that violate pre-established conditions need to be authorized by the card owner as part of the card validation process. These pre-established conditions may be pre-selected by the card owner or they may be conditions imposed by the card issuer.” This newly cited language, like the original language in *Blonder et al.* cited by the Examiner, describes the process the system takes once the pre-established conditions are set. The newly cited language does not describe that the verification requirement can be switched off and on. In fact, the statement “[t]hese pre-established conditions may be pre-selected by the card owner or they may be conditions imposed by the card issuer” suggests that the condition in *Blonder et al.* is pre-established and unswitchable. Regardless, *Blonder* does not describe switching verification function on and off.

For at least these reasons, as well as the reasons discussed regarding claims 60 and 75, Appellant requests that the rejection of claim 117 be overturned.

Regarding Claim 118:

Like claim 60, claim 118 requires a system that allows an account-holder to switch between enabling and disabling the verification function. In particular, claim 118 recites, in part “an account-holder communication module operative to facilitate a separate connection with an account-holder... to facilitate the switching of a verification indicator between at least a first state and a second state, wherein said first state enables a previously established verification requirement and switching said verification indicator to said second state disables said previously established verification requirement.”

Also as stated above with regard to claim 60, in paragraph 10 of the Examiner’s Answer, the Examiner cited col. 6 lines 5-10 of *Blonder et al.* to suggest that *Blonder et al.* teaches turning the verification function off and on. However, col. 6 lines 5-10 describe that “[t]he

approval flag field 304 alerts the card issuer that credit card transactions that violate pre-established conditions need to be authorized by the card owner as part of the card validation process. These pre-established conditions may be pre-selected by the card owner or they may be conditions imposed by the card issuer.” This newly cited language, like the original language in *Blonder et al.* cited by the Examiner, describes the process the system takes once the pre-established conditions are set. The newly cited language does not describe that the verification requirement can be switched off and on. In fact, the statement “[t]hese pre-established conditions may be pre-selected by the card owner or they may be conditions imposed by the card issuer” suggests that the condition in *Blonder et al.* is pre-established and unswitchable. Regardless, *Blonder* does not describe switching verification function on and off.

For at least these reasons, as well as the reasons discussed regarding claims 60, 75, and 117, Appellant requests that the rejection of claim 118 be overturned.

D. (REPLACED BY D1-D3 BELOW) U.S. PATENT 5,708,422 (*BLONDER ET AL.*) DOES NOT ANTICIPATE, PURSUANT TO 35 U.S.C. § 102(B), DEPENDENT CLAIMS 66-71, 73-74, 81-86, 88-89, AND 114-115

In section (6) of the Examiner’s Answer, the Examiner identified an error in the Appeal Brief. Namely, in Argument (D) of the Appeal Brief, Appellant mistakenly suggested that all of claims 66-71, 73-74, 81-86, 88-89 and 114-115 were rejected under 35 USC § 102(b). However, only dependent claims 61-65, 72, 74, 76-80, 87, 89-95, 102, 104, 108 and 110-116 were rejected under 35 USC § 102(b) over *Blonder et al.* Claims 66 and 81 were rejected under 35 USC § 103(a) as obvious over *Blonder et al.* Claims 67-71, 73, 82-86, 88, 96-101 and 103 were rejected under 35 USC § 103(a) as obvious over *Blonder et al.* in view of *Joao et al.* Accordingly, to correct this scrivener’s error, Argument D has been split into three sections, listed below as D1, D2 and D3.

No new arguments need to be presented to address these split dependent claims. *Blonder et al.* fails to teach elements as discussed in the Appeal Brief. And, the Examiner does not cite *Joao* to provide the missing elements. In *Joao et al.*, the Examiner cites col. 7 lines 12-15 (“Thereafter, the operation of the apparatus will cease. If the cardholder should reply or respond

to the transaction notice at a later period, this information may then be utilized in order to approve, or to disapprove, and/or to dispute the transaction.”), col. 19 lines 1-7 (“In instances when the communication device 4 does not have a reply or a two-way pager feature, the cardholder may simply telephone the central processing office or a processing center for the card in order to personally appraise the center or office of his or her response to the central processing computer transmission regarding the transaction.”) and col. 19 line 65 to col. 5 [Appellant assumes col. 19 line 65 to col. 5 is intended to mean col. 19, line 65 to col. 20, line 5] (“In instances when the cardholder is a party to the transaction, he or she, having the communication device 4 on his or her person, may authorize the transaction at the point of sale location. If the transaction is a telephone and/or other remotely made transaction, the cardholder may authorize the transaction from his or her remote location. The cardholder may also program and/or set the communication device 4 to automatically authorize or disapprove or disallow transactions.”)

In summary, the language cited in *Joao et al.* describes the sending of a reply in response to a notification. *Joao et al.* does not describe the cardholder sending a verification to a transaction without notification.

Accordingly, while the specific grounds of rejection below are now more accurately identified, Appellant’s arguments remain essentially the same.

D1. (ORIGINAL ARGUMENT) DOES U.S. PATENT 5,708,422 (*BLONDER ET AL.*) ANTICIPATE, PURSUANT TO 35 U.S.C. § 102(B), DEPENDENT CLAIMS 61-65, 72, 74, 76-80, 87, 89-95, 102, 104, 108, AND 110-116?

Regarding Claims 74 and 89:

Claims 74 and 89 depend directly from claims 60 and 75, respectively, and claim that the verification request is transmitted "to a third-party that verifies transaction approval requests with said account-holder" and receiving an "indicia of verification from said third-party indicating whether said account-holder has verified said transaction approval request."

Appellant respectfully points out that *Blonder et al.* does not contemplate a third-party that verifies requests with the account-holder. As similarly stated above with reference to claims

106 and 109, *Blonder et al.* discloses requiring separate approval from multiple parties (*e.g.*, two corporate executives) prior to approving a transaction (*Blonder et al.*, col. 11, lines 5-20). In this instance, *Blonder et al.* teaches multiple parties that separately verify the transaction but not a third-party that verifies transactions with the card owner much less receiving an "indicia of verification" from such a party.

Appellant respectfully submits that *Blonder et al.* does not anticipate claims 74 and 89 because the patent fails to teach each and every element of either claim. For at least these reasons, as well as the reasons discussed regarding claims 60 and 75, Appellant requests that the rejections of claims 74 and 89 be overturned.

Regarding Claim 114:

Claim 114 depends directly from claim 60 and claims that "wherein responsive to said verification indicator being in said second state said authorization module is operative to automatically verify all received transaction approval requests without obtaining verification from said account holder" (emphasis added). Since claim 114 depends on claim 60, the same arguments discussed herein regarding claims 60 and 75 apply.

Appellant respectfully submits that *Blonder et al.* does not anticipate claim 114 because the patent fails to teach each and every element of the claim. For at least these reasons, Appellant requests that the rejection of claim 114 be overturned.

Regarding Claim 115:

Claim 115 depends on claim 75 and claims that "wherein verification with said account-holder is not required for approval of any transaction approval request when said verification function is disabled" (emphasis added). Since claim 115 depends on claim 75, the same arguments discussed herein regarding claims 60 and 75 apply.

Appellant respectfully submits that *Blonder et al.* does not anticipate claim 115 because the patent fails to teach each and every element of the claim. For at least these reasons, as well as the reasons discussed regarding claims 60 and 75, Appellant requests that the rejection of claim 115 be overturned.

Regarding Claims 61-65, 72, 76-80, 87, 90-95, 102, 104, 111-112, and 116:

For at least the reasons discussed with regard to claims 60 and 75, Appellant requests that the rejections of claims 61-65, 72, 76-80, 87, 90-95, 102, 104, 108, 110-113, and 116 be overturned.

Regarding Claim 108:

For at least the reasons discussed with regard to claim 107, Appellant requests that the rejection of claim 108 be overturned.

Regarding Claim 110:

For at least the reasons discussed with regard to claim 109, Appellant requests that the rejection of claim 110 be overturned.

Regarding Claim 113:

For at least the reasons discussed with regard to claim 105, Appellant requests that the rejection of claim 113 be overturned.

D2. (ORIGINAL ARGUMENT AND CORRECTED GROUNDS OF REJECTION) DOES U.S. PATENT 5,708,422 (*BLONDER ET AL.*), PURSUANT TO 35 U.S.C. § 103(A), RENDER OBVIOUS DEPENDENT CLAIMS 66 AND 81?

Regarding Claims 66 and 81:

Claims 66 and 81 indirectly depend from claims 60 and 75, respectively, and require an authentication code from the account-holder "prior to said step of reciting at least a portion of said transaction approval request to said account holder."

Appellant is unable to find a teaching with *Blonder et al.* disclosing an authentication code from the card owner prior to reciting the transaction approval request to the card owner. Rather, *Blonder et al.* discloses a card holder required to match a secret code received from a card owner before the transaction is authorized (*Blonder et al.*, col. 10, lines 37-43). In other words, the card owner is notified of the transaction before providing the secret code. *Blonder et al.* also discloses replacing the card owner authentication process (*i.e.*, not requiring a transaction approval request or transaction approval) by requiring that the card holder acquire a confirmation

code "prior to the initiation of the transaction itself" (*Blonder et al.*, col. 14, line 43, see also Figures 13 and 14). In this instance, the card owner provides a confirmation code prior to the transaction, and the card owner need no longer approve the transaction. In either case, *Blonder et al.* does not teach requiring an authentication code from the account-holder prior to reciting the transaction approval request to the account holder in order to receive a transaction approval request as required in dependent claims 66 and 81.

Appellant respectfully submits that *Blonder et al.* does not teach each and every element of claims 66 or 81. For at least these reasons, as well as the reasons discussed regarding claims 60 and 75, Appellant requests that the rejections of claims 66 and 81 be overturned.

D3. (ORIGINAL ARGUMENT AND CORRECTED GROUNDS OF REJECTION) DOES U.S. PATENT 5,708,422 (*BLONDER ET AL.*) IN VIEW OF U.S. PATENT 6,529,725 (*JOAO ET AL.*), PURSUANT TO 35 U.S.C. § 103(A), RENDER OBVIOUS DEPENDENT CLAIMS 67-71, 73, 82-86, 88, 96-101, AND 103?

In the March 2008 Office Action, the Examiner rejected claims 67-71, 73, 82-86, 88, 96-101 and 103 over *Blonder et al.* in view of Certificate Manager and further in view of *Joao et al.* The Examiner then explained the rejection using a combination of *Blonder et al.* in view of *Joao et al.* In the Examiner's Answer, the Examiner rejected claims 67-71, 73, 82-86, 88, 96-101 and 103 over *Blonder et al.* in view of *Joao et al.*, and then explained the rejection using a combination of *Blonder et al.* in view of *Joao et al.*. Appellant assumes that the Examiner intended the rejection to be under 35 USC § 103(a) over *Blonder et al.* in view of *Joao et al.*, and not to incorporate Certificate Manager.

Regarding Claims 67 and 82:

Claims 67 and 82 depend directly from claims 60 and 75, respectively, and claim disabling "any notification to said account-holder" and waiting "for said account-holder to initiate" communication to verify the transaction approval request. Appellant is unable to find such a teaching in *Blonder et al.*

As described with reference to claim 105, Appellant is unable to find a teaching within *Blonder et al.* of an account-holder initiating the communication to verify the transaction

approval request without prior notification. Rather, *Blonder et al.* discloses, after transmission of an approval request (*i.e.*, notification), the "validation database waits for a response from the card owner" (*Blonder et al.*, col. 10, lines 7-13). If, after notification, a response is not received from the card owner, the transaction may be disapproved. The wait time discussed on *Blonder et al.* begins after the card owner has been notified (*i.e.*, after transmission of the approval request to the card owner).

As stated above, to suggest cardholder initiation of the connection, the Examiner cites *Joao et al.* col. 7 lines 12-15 ("Thereafter, the operation of the apparatus will cease. If the cardholder should reply or respond to the transaction notice at a later period, this information may then be utilized in order to approve, or to disapprove, and/or to dispute the transaction."), col. 19 lines 1-7 ("In instances when the communication device 4 does not have a reply or a two-way pager feature, the cardholder may simply telephone the central processing office or a processing center for the card in order to personally appraise the center or office of his or her response to the central processing computer transmission regarding the transaction.") and col. 19 line 65 to col. 5 [Appellant assumes col. 19 line 65 to col. 5 is intended to mean col. 19, line 65 to col. 20, line 5] ("In instances when the cardholder is a party to the transaction, he or she, having the communication device 4 on his or her person, may authorize the transaction at the point of sale location. If the transaction is a telephone and/or other remotely made transaction, the cardholder may authorize the transaction from his or her remote location. The cardholder may also program and/or set the communication device 4 to automatically authorize or disapprove or disallow transactions."). Thus, *Joao et al.* teaches sending a reply in response to a notification. *Joao et al.* does not describe the cardholder sending a verification to a transaction without notification.

Appellant respectfully submits that *Blonder et al.* in view of *Joao et al.* does not teach each and every element of claims 67 or 82. For at least these reasons, as well as the reasons discussed regarding claims 60, 75 and 105, Appellant requests that the rejections of claims 67 and 82 be overturned.

Regarding Claims 68, 69, 83, and 84:

Claims 68, 69, 83, and 84 depend directly or indirectly upon claims 67 and 82, respectively, and require, in part, that communication be initiated by the account-holder over a network interface. As discussed with regard to claims 67 and 82, Appellant is unable to find any teaching within *Blonder et al.* that discloses any communication initiated by the card owner to verify a transaction approval request prior to notification of the card owner. Accordingly, Appellant points out that *Blonder et al.* fails to teach a communication initiated by the account-holder over a network interface.

Again, to show cardholder initiation of the connection, the Examiner cites *Joao et al.* col. 7 lines 12-15 (“Thereafter, the operation of the apparatus will cease. If the cardholder should reply or respond to the transaction notice at a later period, this information may then be utilized in order to approve, or to disapprove, and/or to dispute the transaction.”), col. 19 lines 1-7 (“In instances when the communication device 4 does not have a reply or a two-way pager feature, the cardholder may simply telephone the central processing office or a processing center for the card in order to personally appraise the center or office of his or her response to the central processing computer transmission regarding the transaction.”) and col. 19 line 65 to col. 5 [Appellant assumes col. 19 line 65 to col. 5 is intended to mean col. 19, line 65 to col. 20, line 5] (“In instances when the cardholder is a party to the transaction, he or she, having the communication device 4 on his or her person, may authorize the transaction at the point of sale location. If the transaction is a telephone and/or other remotely made transaction, the cardholder may authorize the transaction from his or her remote location. The cardholder may also program and/or set the communication device 4 to automatically authorize or disapprove or disallow transactions.”). *Joao et al.* teaches sending a reply in response to a notification. *Joao et al.* does not describe the cardholder sending a verification to a transaction without notification.

Appellant respectfully submits that *Blonder et al.* in view of *Joao et al.* does not teach each and every element of any of claims 68, 69, 83, or 84. For at least these reasons, as well as the reasons discussed regarding claims 67 and 82, Appellant requests that the rejections of claims 68, 69, 83, and 84 be overturned.

Regarding Claims 70, 71, 85, and 86:

Claims 70, 71, 85, and 86 depend directly or indirectly upon claims 67 and 82, respectively, and require, in part, that the communication be initiated by the account-holder with a telephone call. As discussed with regard to claims 67 and 82, Appellant is unable to find any teaching within *Blonder et al.* that discloses any communication initiated by the card owner to verify a transaction approval request prior to notification of the card owner. Accordingly, Appellant points out that *Blonder et al.* fails to teach a communication initiated by the account-holder with a telephone call.

As stated above, to show cardholder initiation of the connection, the Examiner cites *Joao et al.* col. 7 lines 12-15 (“Thereafter, the operation of the apparatus will cease. If the cardholder should reply or respond to the transaction notice at a later period, this information may then be utilized in order to approve, or to disapprove, and/or to dispute the transaction.”), col. 19 lines 1-7 (“In instances when the communication device 4 does not have a reply or a two-way pager feature, the cardholder may simply telephone the central processing office or a processing center for the card in order to personally appraise the center or office of his or her response to the central processing computer transmission regarding the transaction.”) and col. 19 line 65 to col. 5 [Appellant assumes col. 19 line 65 to col. 5 is intended to mean col. 19, line 65 to col. 20, line 5] (“In instances when the cardholder is a party to the transaction, he or she, having the communication device 4 on his or her person, may authorize the transaction at the point of sale location. If the transaction is a telephone and/or other remotely made transaction, the cardholder may authorize the transaction from his or her remote location. The cardholder may also program and/or set the communication device 4 to automatically authorize or disapprove or disallow transactions.”). *Joao et al.* teaches sending a reply in response to a notification. *Joao et al.* does not describe the cardholder sending a verification to a transaction without notification.

Appellant respectfully submits that *Blonder et al.* in view of *Joao et al.* does not teach each and every element of any of claims 70, 71, 85, or 86. For at least these reasons, as well as the reasons discussed regarding claims 67 and 82, Appellant requests that the rejections of claims 70, 71, 85, and 86 be overturned.

Regarding Claims 73 and 88:

Claims 73 and 88 depend from claims 72 and 87, respectively, (which in turn depend upon claims 60 and 75, respectively) and claim that a notice is transmitted "to said account-holder when said transaction approval request is disclaimed."

Appellant is unable to find a disclosure within *Blonder et al.* that discusses communicating with the card owner after the card owner has approved or disapproved the transaction. Rather, *Blonder et al.* discloses a system where a card owner may be contacted and requested to approve or disapprove a transaction. Appellant is unable to find a teaching or discussion within *Blonder et al.* that suggests that a notice is transmitted to the card owner after the transaction is disapproved.

Again, to show cardholder initiation of the connection, the Examiner cites *Joao et al.* col. 7 lines 12-15 ("Thereafter, the operation of the apparatus will cease. If the cardholder should reply or respond to the transaction notice at a later period, this information may then be utilized in order to approve, or to disapprove, and/or to dispute the transaction."), col. 19 lines 1-7 ("In instances when the communication device 4 does not have a reply or a two-way pager feature, the cardholder may simply telephone the central processing office or a processing center for the card in order to personally appraise the center or office of his or her response to the central processing computer transmission regarding the transaction.") and col. 19 line 65 to col. 5 [Appellant assumes col. 19 line 65 to col. 5 is intended to mean col. 19, line 65 to col. 20, line 5] ("In instances when the cardholder is a party to the transaction, he or she, having the communication device 4 on his or her person, may authorize the transaction at the point of sale location. If the transaction is a telephone and/or other remotely made transaction, the cardholder may authorize the transaction from his or her remote location. The cardholder may also program and/or set the communication device 4 to automatically authorize or disapprove or disallow transactions."). *Joao et al.* teaches sending a reply in response to a notification. *Joao et al.* does not describe the cardholder sending a verification to a transaction without notification.

Appellant respectfully submits that *Blonder et al.* in view of *Joao et al.* does not teach each and every element of any of claims 73 or 88. For at least these reasons, as well as the

reasons discussed regarding claims 60 and 75, Appellant requests that the rejections of claims 73 and 88 be overturned.

E. (RESPONSE TO NEW GROUNDS OF REJECTION) ARE APPELLANT'S ARGUMENTS ADDRESSING CLAIMS 66-71, 73, 81, 82, 84, 85, AND 88 MOOT?

In the Examiner's Answer, the Examiner suggests that Appellant's arguments addressing claims 66-71, 73, 81, 82, 85 and 88 should be deemed moot in view of Appellant's error.

There is no confusion that Appellant appealed these claims. Appellant stated in the Status of Claims section in the Appeal Brief that the rejections of all dependent claims are being appealed. That statement covers claims 66-71, 73, 81, 82, 84, 85, and 88.

The Examiner recognizes Appellant's error in section 6, which is entitled "Grounds of Rejection to be Reviewed on Appeal." The Examiner recognizes that Appellant made the error and notes that these claims are "to be Reviewed on Appeal".

Appellant presents no new arguments to address these dependent claims. As stated in the Appeal Brief, *Blonder et al.* fails to teach required claim elements. The Examiner argued that *Blonder et al.* teaches all elements of claims 66-71, 73, 81, 82, 84, 85, and 88 except for the cardholder initiated connection without prior notification, which the Examiner suggested was taught by *Joao*. However, the language the Examiner cited in *Joao* directly proves otherwise. In *Joao*, the reply is in response to a notification. As discussed in the Appeal Brief, Appellant reiterates that *Blonder et al.* fails to teach elements in addition to the cardholder initiated connection without prior notification. Accordingly, while the specific issues on appeal are now more accurately identified, Appellant's arguments remain essentially the same.

Appellant requests latitude considering the substantial time and effort Appellant had to spend drafting the Appeal Brief and this Reply Brief to try to maintain consistency among Examiner summary rejections, the Examiner's failure to provide any case of anticipation or obviousness against specific claims, the new arguments presented for the first time in the Examiner's Answer, etc. For example, the March 7, 2008 office action did not reject claim 118 whatsoever. Further, the March 7, 2008 office action summarily rejected claims 87, 89-95, and

114-117, but did not explain the rejection. The Examiner's Answer addresses in limited part our arguments regarding claims 114, 115, 117 and 118. However, neither the March 7, 2008 office action nor the Examiner's Answer explains the rejections of claims 87, 89-95 and 116. In the March 2008 Office Action, the Examiner rejected claims 67-71, 73, 82-86, 88, 96-101 and 103 over *Blonder et al.* in view of Certificate Manager and further in view of *Joao et al.* However, in the description of the rejection and in the Examiner's Answer, the Examiner describes claims 67-71, 73, 82-86, 88, 96-101 and 103 as rejected over *Blonder et al.* in view of *Joao et al.* In the Grounds of Rejection, the Examiner rejected claims 67-71, 73, 82-86, 88, 96-101 and 103 over *Blonder et al.* in view of *Joao et al.* The Examiner does not apply the Certificate Manager whatsoever, despite the summary rejection. Further, Appellant assumes that the Examiner also intended to note Appellant's error that claims 66 and 71 were rejected under 35 USC § 103(a), not 35 USC § 102(b), over *Blonder et al.* The numerous inconsistencies in the Examiner's office actions and in the Examiner's Answer were significant contributing factors to Appellant's error.

Accordingly, Appellant respectfully submits that Appellant's arguments addressing claims 66-71, 73, 81, 82, 84, 85 and 88 should not be deemed moot.

In light of the prior art's failure to disclose each and every element of the presently claimed invention, neither anticipation nor obviousness has been established. As such, Appellant respectfully submits that the Examiner's rejections are overcome. Appellant, therefore, respectfully requests that the final rejection be overturned and the present application remanded with instructions to allow the same.

Respectfully submitted,
/Larry E. Henneman, Jr./

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